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## **AARP Oregon Testimony on HB 4079 – Retirement Savings and TANF**

February 8, 2018

To: House Committee On Early Childhood and Family Supports, Rep. Lively, Chair

FROM: Jon Bartholomew, Government Relations Director, AARP Oregon

AARP Oregon believes that a fundamental way to avoid poverty and remain self-reliant as they age is to save for retirement. The economic status of older Americans, as measured by the official poverty rate, has improved dramatically over the past several decades. In 1959, more than one in three older Americans lived in poverty. Today fewer than one in ten do. This drop is a testament to the success of Social Security. But Social Security alone is not enough to ensure economic security.

AARP has supported efforts in the Oregon legislature to help people save for retirement, most recently with the passage of what has become Oregon Saves, which allows for people without an employer-sponsored retirement plan to set some of their money aside through a paycheck deduction. This program has been quite successful thus far in terms of encouraging people to save who were not saving before.

Many of the people now saving for retirement through Oregon Saves work low-wage jobs, and if they become unemployed, may find themselves struggling to pay the rent, pay utilities, or put food on the table for their families. Retirement programs are designed to be used to avoid poverty late in life. Temporary Assistance for Needy Families (TANF) is designed to help people facing poverty right now.

The fact that someone has managed to set aside \$5000 in a retirement account should not prevent them from receiving short term support via TANF to allow them to get by until they can find a new job. AARP's Policy Book is clear on this, "Some accumulations in retirement savings accounts should be excluded from asset limits<sup>1</sup>."

When retirement assets are included in TANF eligibility determinations, it can be a disincentive to save for retirement when someone who has experienced unemployment finally has gainful

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<sup>1</sup> <http://policybook.aarp.org/the-policy-book/chapter-6/s046-1.3570233>

employment. Considering that providing Medicaid long term care for years is more costly to the state budget than limited duration TANF benefits, we believe it is fiscally prudent to do what we can to encourage people to be financially secure in their retirement.

AARP Oregon urges you to vote yes on HB 4079.